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Government Benefits, Taxes and Household Income, Australia methodology

Reference period 2015-16 financial year

Released 20/06/2018

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Explanatory notes

Introduction

1 This publication presents the results of a study of the effects of taxation and government expenditure on the distribution of income among private households in Australia in 2015–16, referred to as a 'Fiscal Incidence Study'. The results show how the allocation of benefits and taxes differ between households depending on characteristics such as household composition, life cycle stages, household size and income.

2 One of the major data sources used in this study is the Household Expenditure Survey (HES). This study is therefore currently undertaken every six years in conjunction with the HES. Information relating to the collection and compilation of the HES (e.g. scope and coverage, sample design, processing methodology, etc) can be found in [Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia \(https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1\)](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1) (cat. no. 6503.0).

3 Other major data sources used in this study are the ABS Government Finance Statistics (GFS) and Input-Output tables from the Australian System of National Accounts (ASNA). Revisions to the ASNA should be taken into account when interpreting differences between studies, noting changes to standards, benchmarking, source data and methods applied to the ASNA between study years. Information on recent ASNA changes can be found in [Information Paper: Changes to the 2016-17 release of the Australian System of National Accounts \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5204.0.55.012Main+Features12016-17\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5204.0.55.012Main+Features12016-17) (cat. no. 5204.0.55.12).

4 Previous studies were conducted in relation to 1984, 1988–89, 1993–94, 1998–99, 2003–04 and 2009–10.

Changes in this issue

Income measures

5 Income quintile tables in this issue feature an adjusted low income quintile. The adjusted measure excludes the bottom two percentiles to remove the undue impact of households with very low incomes which may not accurately

reflect levels of economic wellbeing. For more information refer to the chapter on Summary Indicators of Income and Wealth Distributions in [Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1) (<https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1>) (cat. no. 6503.0)

6 In this publication, net imputed rent estimates for owner occupied dwellings and privately subsidised rental accommodation have again been included as a component of private income. The ABS implemented revised methodologies for imputed rent in the 2015-16 Survey of Income and Housing (SIH) and HES. HES estimates for 2003-04 and 2009-10 shown in the time series tables and analyses reflect the revised method.

7 For more information on the revised methodologies for household level imputed rent estimates, see [Estimates of Imputed Rent, Australia](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6525.0) (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6525.0>) (cat. no. 6525.0).

Other measures

8 Estimates presented in this publication for 2009-10 have been corrected to amend a small error in the allocation of taxes on production. The correction of this error increases the total amount of taxes on production allocated by around \$3 per household. The categories of taxes on production affected were Clothing and Footwear, Ownership of Dwellings, and Other Goods and Services.

Changes in the contents of this issue

9 The following changes have been made to the content of this publication:

- taxes on production on communication and education are now presented separately in this release. Previously these were included as part of taxes on production on other goods and services.
- additional new tables featuring the taxable income of the household reference person and housing costs as a proportion of gross income
- re-structured tables featuring life cycle groups and family composition of household are presented in data cube 11.



Concepts and definitions

Income and distributional measures

10 The concepts and definitions relating to all measures of income and government benefits and taxes are described in the 'What is a Fiscal Incidence Study?' chapter of this publication. Other definitions are included in the glossary. More detailed explanation of income concepts and definitions can also be found in [Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1) (<https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1>) (cat. no. 6503.0).

11 Concepts and definitions relating to household level data, equivalisation, imputed rent and net worth can also be found in the User Guide. The User Guide also provides a more detailed explanation on the allocation of social transfers in kind.

Data source for taxes on production

Input-Output tables

12 Input-Output tables form part of the ASNA and provide a means of undertaking detailed analysis of the process of production, the use of goods and services (products) and of the income generated in that production. They show, for the economy as a whole and for groups of products, the total resources in terms of domestic output and imports, and the uses of goods and services in terms of intermediate consumption, final consumption, gross capital formation and exports.

13 The estimation of the incidence of taxes on production to households is based on extensive use of these Input-Output tables. [Australian National Accounts: Input-Output Tables \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001) (cat. no. 5209.0.55.001) includes the supply-use tables with detailed explanatory notes on the data sources, content and methods of construction used.

Methods

Unit of analysis

14 The household is the basic unit of analysis in this publication. A household consists of one or more persons, at least one of whom is at least 15 years of age, usually resident in the same private dwelling. The persons in a household may or may not be related.

15 The household is adopted as the basic unit of analysis because it is assumed that sharing of the use of goods and services occurs at this level. If smaller units, say persons, are adopted, then it is difficult to know how to attribute to individual household members the use of shared items such as food, accommodation and household goods. Intra-household transfers are excluded. For example, if one member of the household were to pay board to another member of the same household then this is not considered as an increase in the amount of income or housing costs of the household.

Benefits and taxes allocated

16 The aim of the study is to allocate only those benefits and taxes relatable to particular types of households. No attempt has been made to allocate the whole of government expenditure and revenue.

17 In many cases, the decision to allocate or not to allocate was guided by the availability of data for appropriate allocation to the household level. For social assistance benefits in cash, allocation of government expenses relating to these cash payments was restricted to cash payments covered by the HES income questionnaire. Taxes on income not allocated include taxes not directly relevant to the household sector such as corporate taxes, and taxes relating to some household receipts, such as capital gains tax.

18 Many social transfers in kind were not allocated because:

- there was no clear conceptual basis for allocation
- they related to segments of the population not covered by HES
- target groups could not be identified within HES data
- expenditure on target groups could not be isolated in GFS data.

19 Taxes on production were calculated by applying intermediate and final tax rates derived from the [Australian National Accounts: Input-Output Tables, \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001) (cat. no. 5209.0.55.001) to household expenditure. Because household expenditure does not account for the full amount of production and consumption recorded in the Input-Output tables, only a proportion of taxes on production was allocated to households.

Comparison with National Accounts

20 Aggregate estimates of household income are published in [Australian System of National Accounts \(https://www.abs.gov.au/AusStats/abs%40.nsf/mf/5204.0\)](https://www.abs.gov.au/AusStats/abs%40.nsf/mf/5204.0) (cat. no. 5204.0) and taxation revenue are published in [Taxation Revenue, Australia \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/5506.0\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/5506.0) (cat. no. 5506.0). These data allow estimates for the household sector as a whole to be compared with the estimates compiled in this study.

Social assistance benefits in cash

21 According to the ASNA, Australian households received \$132,198 million social assistance benefits in cash in

2015-16. By comparison, in this study \$100,655 million social assistance benefits in cash were allocated to households. The difference between the estimates is partly due to the inclusion in the ASNA of some payments that have been classified as social transfers in kind in this study (\$9,263 million). These include the Child Care Rebate (CCR) and Private Health Insurance Rebate (PHIR). Additionally, some other one-off or irregular payments made by various state and Commonwealth agencies may not have been fully captured in the HES. Other reasons for the lower allocation of social assistance benefits in cash in this study include scope exclusions in the HES. The HES estimates do not include pensions and allowances received by people living in non-private dwellings (e.g. nursing homes), nor by people living in very remote areas of Australia.

Social transfers in kind

22 ASNA estimates of social transfers in kind to Australian households were \$192,973 million in 2015-16. In this study, \$207,224 million of social transfers in kind were allocated to households. The main reason for the difference is the classification of government expenditure on CCR and the PHIR as social transfers in kind in this study, but as social assistance benefits in cash in the ASNA. Additionally, the ASNA estimate includes expenditure on residential aged care that is excluded from this study due to the exclusion of non-private dwellings, such as nursing homes, from the scope of the HES.

Taxes on income

23 Total income taxes levied on individuals were \$192,054 million ([Taxation Revenue, Australia \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/D5308E18160C40B2CA2583EA008092DC?opendocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/D5308E18160C40B2CA2583EA008092DC?opendocument) (cat. no. 5506.0)). In this study, \$178,640 million taxes on income (93%) were allocated to households. The main reasons for the difference in taxes on income in this study are:

- taxes on wealth, such as capital gains tax, were out of scope
- the exclusion of non-private dwellings in the HES.

Taxes on production

24 Government revenue from total taxes on production less subsidies was \$171,389 million. Net taxes on production on Household Final Consumption Expenditure (HFCE) (a national accounts concept measuring net expenditure on goods and services by households and non-profit institutions serving households) account for approximately 75% of total taxes on production. Therefore, at best, 75% of this revenue would be allocated by the study. The study allocated \$93,467 million or 55% of total taxes on production. Less than 75% of taxes on production were allocated because:

- HES excludes some of the population
- household expenditures were, to a degree, understated, particularly for highly taxed items such as alcohol, tobacco and gambling.

Special data services

25 The ABS offers specialist consultancy services to assist clients with more complex statistical information needs. Clients may wish to have the unit record data analysed according to their own needs, or require tailored tables incorporating data items and populations as requested by them. Tables and other analytical outputs can be made available electronically or in printed form. However, as the level of detail or disaggregation increases with detailed requests, the number of contributors to data cells decreases. This may result in some requested information not being able to be released due to confidentiality or sampling variability constraints. All specialist consultancy services attract a service charge, and clients will be provided with a quote before information is supplied.

26 If the information you require is not available from the publication or the data cubes, please contact the National

Information and Referral Service (NIRS) on 1300 135 070 (international callers +61 2 9268 4909) or via email client.services@abs.gov.au. The NIRS can be contacted from anywhere in Australia between 8:30am and 5:00pm (AEST) Monday to Friday. The ABS Privacy Policy (www.abs.gov.au/privacy (<https://www.archive.abs.gov.au/websitedbs/d3310114.nsf/home/privacy?opendocument>)) outlines how the ABS will handle any personal information that you provide to us.

Unit record file

27 For clients who wish to undertake more detailed analysis of the survey data, a confidentialised unit record file (CURF) will be available following the release of this publication. The 2015-16 HES CURF has been revised by appending the study estimates to each household record. All clients wishing to access the HES 2015-16 CURF should refer to the [How to Apply for Microdata](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/How+to+Apply+for+Microdata) (<https://www.abs.gov.au/websitedbs/D3310114.nsf/home/How+to+Apply+for+Microdata>) web page. Clients should familiarise themselves with the [User Manual: Responsible Use of ABS CURFs](https://www.abs.gov.au/ausstats/abs@.nsf/mf/1406.0.55.003) (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/1406.0.55.003>) and other related microdata information which are available via the [Microdata web pages](https://www.abs.gov.au/websitedbs/D3310114.nsf/Home/Microdata+Entry+Page) (<https://www.abs.gov.au/websitedbs/D3310114.nsf/Home/Microdata+Entry+Page>), before applying for access through MiCRO.

Appendix - methodology for allocating taxes on production

Show all

Introduction

This Appendix outlines the methodologies used for the estimation of taxes on production allocated in this study. A more detailed explanation of the methodology used to calculate the final incidence of taxes on production is available in [Review of Methodology for Estimating Taxes on Production in the Calculation of Household Final Income](https://www.abs.gov.au/ausstats/abs@.nsf/mf/1351.0.55.012) (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/1351.0.55.012>) (cat. no. 1351.0.55.012)

The methodologies used for estimating social transfers in kind allocated in this study are available in the [Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6503.0) (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6503.0>) (cat. no. 6503.0).

Taxes on production

The methodology for calculating taxes on production can be summarised as follows:

- The incidence of taxes on production to households was estimated using Input-Output tables from within the Australian System of National Accounts (ASNA). The Input-Output tables present a comprehensive picture of the supply and use of goods and services in the economy and the income generated from product. It records the flows of products from one industry to another and to final demand for consumption. For this study, the 2015-16 Input-Output tables were used to calculate a tax rate for each of the 115 Input-Output product groups (IOPG).
- The Household Expenditure Classification (HEC) is used to classify household expenditure in the Household Expenditure Survey (HES). The approximately 700 HEC codes were mapped to the 115 IOPG codes.
- Household expenditure classified to each HEC code was multiplied by the relevant tax rates to estimate the total final incidence of taxes on production for each household.

Taxes on production are those indirect taxes passed on to households in the prices paid for goods and services. The underlying assumption for allocating taxes on production to households is that industries will pass on the taxes on production they pay to the purchasing industries and/or final consumers through higher prices. The tax will be passed from one industry to another until it is fully passed on to a final demand sector, one of which is the household sector. For example, suppose the textile industry pays a total of \$100 in payroll tax. If half of the textile products are purchased by the clothing industry, and the other half by the footwear industry, the \$100 payroll tax is

assumed to cause a cost increase of \$50 to each industry. These \$50 amounts will be either passed on again to other purchasing industries, or added to the cost of clothes and shoes purchased by households.

Taxes on production consist of taxes on products and other taxes on production. Total taxes on production are calculated net of any subsidies received from governments.

Taxes on products

Taxes on products are taxes payable on goods and services when they are produced, delivered, sold, transferred or otherwise disposed of by their producers. They include:

- goods and services tax (GST)
- taxes and duties on imports (excluding GST)
- export taxes (excluding GST)
- other taxes on products (excluding GST)

Other taxes on production

Other taxes on production consist of all taxes except taxes on products that enterprises incur as a result of engaging in production. These taxes do not include any taxes on profits or other income received by the enterprise. They are taxes payable on the land, fixed assets or labour employed in the production process or on certain activities or transactions. Other taxes on production include:

- taxes on payroll or workforce
- recurrent taxes on land, buildings or other structures
- business and professional licences
- taxes on the use of fixed assets or other activities
- stamp duties
- taxes on pollution
- taxes on international transactions



Government subsidies

Government subsidies are netted out from taxes on production. Subsidies are defined in the System of National Accounts as current unrequited payments that government units, including non-resident government units, make to resident producers or importers on the basis of the levels of their production activities or the quantities or values of the goods or services that they produce, sell or import. Subsidies are equivalent to negative taxes on production in so far as their impact on the operating surplus of producers is in the opposite direction to that of taxes on production. Subsidies consist of subsidies on products and other subsidies on production.

Calculating the incidence of taxes on production

The incidence of taxes on production to households is the amount of taxes on production a household pays, expressed as a percentage of the household's income. It is assumed that taxes on production are fully passed on to consumers. Using Household Final Consumption Expenditure (HFCE) estimates from the ASNA, the methodology calculates tax incidences for taxes on products and other taxes on production. There are three elements to the methodology for calculating the incidence of taxes on production, namely the:

- re-allocation of taxes on production incurred at any stage of the production process, rather than only allocating those incurred when the product is purchased by the household
- re-allocation of taxes on production initially allocated to goods constituting gross fixed capital formation (GFCF)

- re-allocation of taxes on production levied on the margin industries.

Input-Output tables

The estimation of the incidence of taxes on production to households is based on the extensive use of Input-Output tables from the ASNA. The Input-Output tables present a comprehensive picture of the supply and use of goods and services in the economy and the income generated from production. It records the flows of products from one industry to another and to final demand for consumption. Using matrix manipulation techniques utilised in standard Input-Output table analysis, it is possible to track the ultimate final use of all inputs to the production process. It is therefore possible to allocate all taxes that are levied at all stages of the production process to appropriate final use categories.

This study uses 2015–16 Input-Output tables to estimate tax rates for goods and services purchased in 2015–16. It is assumed that the tax rates current during the reference period of the Input-Output tables are applicable at the time of production of the expenditures reported in the HES. The 2015-16 Input-Output tables were compiled for 115 product groups.

The Input-Output tables are published in [Australian National Accounts, Input-Output Tables, 2015-16](https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/CA5E645D443D1625CA25842500147BC5?opendocument) (<https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/CA5E645D443D1625CA25842500147BC5?opendocument>) (cat. no. 5209.0.55.001). The publication includes the supply-use tables with detailed explanatory notes on the data sources, content and construction of the tables.

Derivation of tax rates

A tax rate is allocated to each of the 115 Input-Output product groups. These tax rates are used to estimate the total final incidence of taxes on production on household consumption expenditure for each household. A general outline of the elements involved in the methodology, as well the underlying assumptions, is provided below.

Gross fixed capital formation

Taxes on production increase the prices of commodities comprising GFCF since the capital costs of producers are higher than they would otherwise be, and it can be assumed that producers charge correspondingly higher prices for their output. The methodology estimates the proportion of HFCE that can be attributed to the taxes on production embodied in the capital costs of producers. To achieve this, "capital stock" is treated as a dummy industry in the Input-Output tables, and the estimation is done in an analogous way to the estimation of the impact of taxes on production on the supply of intermediate inputs to the producing industries. There are a number of assumptions underlying this approach:

- that the production taxes allocated to GFCF in the current period also applied for all the periods over which the current capital stock was build up, or that producers make their current output pricing decisions as though this were the case
- that the level of GFCF in the current period is typical of all periods over which the capital stock has been built up
- that the incidence of production taxes on GFCF is the same for all industries
- in the absence of industry specific depreciation data, that the usage of capital across industries is proportionate to gross operating surplus across industries.

Taxes attributed to the margin industries

For most analysis using Input-Output tables, it is necessary to value commodities at "basic values". With this approach, industries that distribute goods without transforming them, e.g. industries concerned with the transport of goods, wholesaling and retailing, are treated as margin industries. The commodities that these industries distribute are not shown as the inputs and outputs of the margin industries. Instead, the commodities are shown as

flowing directly from the producing industry to the user, and the margin industries are shown as providing separate services to the purchasers of the commodities. For example, the goods that households purchase from retailers are shown as flowing from the food processing industry, the oil refining industry, etc., but with a valuation that excludes the margins incurred in the transporting, wholesaling and retailing of the goods. The margins are shown as separate expenditures by households or other users along the supply chain.

The methodology used in this study involves calculating the incidence of taxes on production for each Input-Output commodity group/industry and then applying those rates to the appropriate HES commodities. However, HES respondents report the values that they paid for goods and services, that is, the HES data are valued at "purchasers' prices", not "basic values". Therefore, the distribution margins separately identified within the Input-Output tables are an integral part of the values of goods and services purchased as reported in the HES, and there are no separate HES commodities that match to the Input-Output margin industries.

Detailed Input-Output table information is used to reallocate the taxes on production initially allocated to the margin industries to the industries whose goods are being distributed. In this way they too can be matched to HES commodity expenditures.

Methodology for allocating taxes on production to households

The expenditure estimates of individual households have been derived using HES data. Household expenditure is classified in the HES according to the HEC. A correspondence was developed mapping the Input-Output commodities in the Input-Output product groups (IOPG) to the HEC commodities. One or more IOPG codes was mapped to each HEC code. Using the Input-Output approach outlined above, a tax rate was obtained for each of the 115 IOPG commodities. Where more than one IOPG was mapped to one HEC, the expenditure for that HEC was divided equally between each relevant IOPG to obtain the tax rate. This rate was then applied to the corresponding average weekly household expenditures reported in HES for each HEC to derive the total value of taxes on production paid by individual households.

Ownership of dwellings

In this study, the methodology used to estimate taxes on production for ownership of dwellings uses the gross imputed rent estimates in the HES and allocates taxes on production on ownership of dwellings as follows:

- for owner occupiers, the tax rate derived from the ownership of dwellings industry was applied to gross imputed rent for the household
- for renters, the ownership of dwellings tax rate was applied to actual rent payments
- the ownership of dwellings tax rate was also applied to the value of any rental subsidies received by private renters because the taxes are paid by the household sector (such as renting from family or friends at less than market rates)
- a proportion of the GST on rental stock built since 2000 was allocated to private renters.

In 2003–04, other costs related to home ownership, such as taxes on repairs and maintenance costs, were calculated using the method outlined above and allocated to the category 'Other taxes on production'. Due to the new method of imputing taxes on production for home owners introduced in the 2009–10 study, these costs are no longer included in 'Other taxes on production' but instead are in 'ownership of dwellings' as they are covered by the imputed rent.

Comparison with household final consumption estimates in the Australian System of National Accounts

As the scope of this study is limited to the household sector, it does not attempt to fully allocate the ASNA total, which also includes taxes paid by non-household final demand sectors e.g. government final consumption and exports. In 2015–16, taxes on production on HFCE in the ASNA was 75% of total taxes on production. Table A1

compares the total taxes on production allocated to the household sector in the ASNA with the taxes allocated in this study. The proportion of taxes on production allocated to households in 2015-16 was 55% of total taxes on production, lower than the proportion allocated in 2009-10 (64%).

The main reason for the difference between total taxes on production and taxes allocated in this study and ASNA estimates is likely to be underreporting by respondents in the HES. In particular, some highly taxes commodities such as alcohol, tobacco and gambling services are known to be underreported by respondents in the HES. In 2015-16, the estimated unallocated amount of tax due to underestimation of expenditure in the HES (as compared to the ASNA HFCE) was about \$34 billion. In 2003-04 and 2009-10 it was \$20 billion and \$26 billion respectively (in 2015-16 dollars).

Table 1 - Taxes on production allocated

	Net total Taxes on Production from ASNA(a) (\$m)	Taxes on Production allocated by study (\$m)	Percent(%)
2003-04	98,757	59,342	60
2009-10	128,041	82,185	64
2015-16	171,389	93,467	55

a. subsidies not included

Glossary

Show all

Acute care institution benefits

Includes social transfers in kind relating to all activities of acute care hospitals, free-standing hospices, alcohol and drug treatment centres, and same-day establishments except activities involving health research and formal health education. Acute care institution benefits are a component of health benefits

Adjusted lowest income quintile

Defined as the lowest equivalised disposable household income quintile, excluding the 1st and 2nd percentiles (i.e. the 3rd to 20th percentiles inclusive). The 1st and 2nd percentiles are excluded due to the high wealth and expenditure characteristics those household exhibit, and the prevalence of income types other than employee income pensions and allowances.

Age

Person's age in years at their last birthday.

Age pension

Households that receive income from age pensions or Department of Veterans' Affairs (DVA) service pension, as well as additional cash allowances such as rent assistance. Age pensions are a component of social assistance benefits in cash.

Assets

An entity of a financial or non-financial nature, owned by the household or its members, and from which economic benefits may be derived by holding or use over a period of time.

Australian Statistical Geography Standard (ASGS)

The ASGS came into effect in July 2011 to replace the Australian Statistical Geographical Classification (ASGC). The

ASGS provides a common framework of statistical geography used by the ABS to enable the publication of statistics that are comparable and spatially integrated. Its purpose is to outline the conceptual basis of Mesh Blocks, the regions of the main structure and the Greater Capital City Statistical Areas and their relationships to each other. For further information refer to [Australian Statistical Geography Standard \(ASGS\): Volume 1 - Main Structure and Greater Capital City Statistical Areas \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/871A7FF33DF471FBCA257801000DCD5F?opendocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/871A7FF33DF471FBCA257801000DCD5F?opendocument) (cat. no. 1270.0.55.001) and [http://www.abs.gov.au/geography \(https://www.abs.gov.au/geography\)](https://www.abs.gov.au/geography).

Australian Standard Geographical Classification (ASGC)

The ASGC was replaced by the Australian Statistical Geography Standard (ASGS) in July 2011. For further information refer to [Australian Standard Geographical Classification \(ASGC\) \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1216.0Main+Features1July%202011?OpenDocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1216.0Main+Features1July%202011?OpenDocument) (cat. no. 1216.0) and [http://www.abs.gov.au/geography \(https://www.abs.gov.au/geography\)](https://www.abs.gov.au/geography).

Average weekly expenditure

Value obtained by dividing the estimated weekly expenditure of a group of households by the estimated number of households in the group.

Balance of state

Under the Australian Standard Geographical Classification (ASGC), Balance of State represents each state or territory not defined as Capital City. The ASGC has been replaced with Australian Statistical Geography Standard (ASGS), and areas outside Greater Capital City Statistical Areas are known as Rest of State. See definition of Rest of State.

Capital city

Capital city under the Australian Standard Geographical Classification (ASGC) refers to Australia's six State capital cities and the Darwin Statistical Division as defined in the [Australian Standard Geographical Classification \(ASGC\) \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1216.0Main+Features1July%202011?OpenDocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1216.0Main+Features1July%202011?OpenDocument) (cat. no. 1216.0). For the Australian Capital Territory the estimates relate predominantly to urban areas, and all of the Australian Capital Territory is defined as a capital city for this publication. Capital city estimates for the Northern Territory are not available on the CURF. The ASGC has been replaced with Australian Statistical Geography Standard (ASGS), see definition of Greater Capital City Statistical Area.

Child care assistance

Includes social transfers in kind relating to the Child Care Benefit and Child Care Rebate and associated administrative costs. Child care assistance is a component of social security and welfare benefits.

Consumer Price Index (CPI)

A general measure of price inflation for the household sector in Australia. Specifically, it provides a measure of changes, over time, in the cost of a constant basket of goods and services acquired by the capital city households in Australia.

Community health service benefits

Includes social transfers in kind relating to community health services such as domiciliary nursing services, well baby clinics, dental health services, health services provided to particular community groups, family planning services, alcohol and drug rehabilitation programs not involving admission, and other health services provided in a community setting. Also includes expenditure on patient transport. Community health service benefits are a component of health benefits. In 2003-04 the Private Health Insurance Rebate (PHIR) was included in Community health services and from 2009-10 onwards it is reported separately.

Commonwealth Rent Assistance (CRA)

Commonwealth Rent Assistance is a non-taxable income supplement paid through Centrelink to individuals and families who rent in the private rental market. It is only paid to recipients of another government benefit or pension, and is paid in conjunction with that benefit.

Couple

See One family households.

Couple family with dependent children

See One family households.

Deciles

Groupings that result from ranking all households or persons in the population in ascending order according to some characteristic such as their household income and then dividing the population into 10 equal groups, each comprising 10% of the estimated population.

Dependent children

All persons aged under 15 years; and persons aged 15–24 years who are full-time students, have a parent in the household and do not have a partner or child of their own in the household.

Disability and carer payment

Households that receive income from Carer allowance, Carer payment, Disability Pension Department of Veterans' Affairs (DVA) or Disability Support Pension.

Disability support pension

Includes the Disability Support Pension, as well as additional cash allowances such as rent assistance. Disability support pension is a component of social assistance benefits in cash.

Disposable income

Gross income less income tax, the Medicare levy and the Medicare levy surcharge i.e. remaining income after taxes are deducted, which is available to support consumption and/or saving. Income tax, Medicare levy and the Medicare levy surcharge are imputed based on each person's income and other characteristics as reported in the survey. Disposable income is sometimes referred to as net income.

Education benefits

Social transfers in kind relating to the provision of school, tertiary and other education.

Electricity concessions

Includes social transfers in kind relating to electricity concessions and rebates.

Employed

Persons aged 15 years and over who, during the week before the interview:

- worked one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (includes employees, employers and own account workers)
- worked one hour or more, without pay, in a family business or on a family farm
- had a job, business or farm but was not at work because of holidays, sickness or other reason.

Employee

An employed person who, for most of his/her working hours:

- works for a public or private employer and receives remuneration in wages or salary, or is paid a retainer fee by his/her employer and works on a commission basis, or works for an employer for tips, piece-rates or payment in kind
- operates their own incorporated business with or without employees

Employee income

An employee's total remuneration, whether monetary or in kind, received as a return to labour from an employer or from a person's own incorporated business. It comprises wages and salaries, bonuses, amounts salary sacrificed, non-cash benefits such as the use of motor vehicles and subsidised housing, and termination payments.

Employer

A person who operates his or her own unincorporated business or engages independently in a profession or trade, and hires one or more employees.

Equivalisation

Can be applied to disposable household income and net worth to create equivalised disposable household income, equivalised household net worth and equivalised disposable household expenditure. Adjustments are made using an equivalence scale. Equivalence measures are used in some analyses to enable comparison of the relative economic wellbeing of households of different size and composition. For a lone person household, the equivalised value is equal to the original value, or equal to zero if the original value was negative. For a household comprising more than one person, it is an indicator of the level that would be needed by a lone person household to enjoy the same level of economic wellbeing as the household in question.

Equivalised disposable household income

Disposable household income adjusted using an equivalence scale. For a lone person household it is equal to disposable household income. For a household comprising more than one person, it is an indicator of the disposable household income that would need to be received by a lone person household to enjoy the same level of economic wellbeing as the household in question.

Equivalised household income

Household income adjusted using an equivalence scale. For a lone person household it is equal to household income. For a household comprising more than one person, it is an indicator of the household income that would need to be received by a lone person household to enjoy the same level of economic wellbeing as the household in question. Private income, Disposable income, Gross income, Social assistance benefits in cash, Taxes on income, Social transfers in kind, Taxes on production, Total benefits, Total taxes allocated and Final income have been equivalised in this publication.

Equivalising factor

A factor that can be used to adjust the actual incomes of households in a way that enables analysis of the relative wellbeing of households of different size and composition. The equivalising factor included on the file has been calculated using the 'modified OECD' equivalence scale. The factor is built up by allocating points to each person in a household. Taking the first adult in the household as having a weight of 1 point, each additional person who is 15 years or older is allocated 0.5 points, and each child under the age of 15 is allocated 0.3 points. The equivalence factor is the sum of the equivalence points allocated to the household members. Equivalised household income can be derived by dividing total household income by the equivalence factor.

Note that for large households, the equivalence factors included on the CURF file are based on the household size after it has been reduced to the maximum size allowable on each CURF.

Expenditure

The cost of goods and services acquired during the reference period for private use, whether or not the goods were paid for or consumed. Expenditure is net of refunds. For example, payments for health services are net of any refunds received or expected to be received. Expenditure is classified according to the Household Expenditure Classification which contains over 600 detailed items.

Family

Two or more people, one of whom is at least 15 years of age, who are related by blood, marriage (registered or de facto), adoption, step or fostering and who usually live in the same household. A separate family is formed for each married couple, or for each set of parent-child relationships where only one parent is present.

Family composition of household

Classifies households into three broad groupings based on the number of families present (one family, multiple family and non-family). One family households are further disaggregated according to the type of family (such as couple family or one parent family) and according to whether or not dependent children are present. Non-family households are disaggregated into lone person households and group households.

Family support payments

Households that receive income from Baby Bonus, Newborn Supplement, Paid Parental Leave, Dad and Partner Pay, Family Tax Benefits, Parenting Payments or Schoolkids bonus.

Family tax benefit (FTB)

Includes Family Tax Benefit (both Part A and Part B) payments received fortnightly, as well as additional cash allowances such as rent assistance. It also includes one-off payments to families.

Final income

Disposable income plus social transfers in kind minus taxes on production.

Financial stress

A range of items which provide a subjective measure of the household's economic wellbeing. One person in each household was asked to provide assessments of the current household's circumstances. This person was randomly chosen from the reference person and spouse. Items include management of household income, present standard of living compared with two years ago, ability to raise emergency money, and a range of cash flow problems. For further information see the 2015-16 User Guide.

Formal child care

Regulated child care away from the child's home. The main types of formal child care are before and/or after school care, long day care, family day care, occasional care and vacation care.

Full-time employed

Employed persons who usually work 35 hours or more a week (in all jobs).

Full-time student

A person 15 years or over who is classified as a full-time student by the institution they attend, or considers himself/herself to be a full-time student. Full-time study does not preclude employment.

Gini coefficient

A summary measure of inequality of income distribution. For more information see the 'Summary indicators of income distribution' section of [Household Income and Wealth, Australia \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/5F4BB49C975C64C9CA256D6B00827ADB?opendocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/5F4BB49C975C64C9CA256D6B00827ADB?opendocument). (cat. no. 6523.0).

Goods and services tax (GST)

Goods and Services Tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia.

Government pensions and allowances

Income support payments from government to persons under social security and related government programs. Included are pensions and allowances received by aged, disabled, unemployed and sick persons, families and children, veterans or their survivors, and study allowances for students. All overseas pensions and benefits are included here, although some may not be paid by overseas governments.

Gross imputed rent

The estimated market rent that a dwelling would attract if it were to be commercially rented.

Gross income

Income from all sources, whether monetary or in kind, before income tax, the Medicare levy and the Medicare levy surcharge are deducted.

Group household

See Non-family household.

Greater Capital City Statistical Area Structure

Greater Capital City Statistical Areas (GCCSAs) represent the socio-economic extent of each of the eight state and territory capital cities. They include the people who regularly socialise, shop or work within the city, but live in the small towns and rural areas surrounding the city.

Health benefits

Health benefits are social transfers in kind relating to acute care institutions, community health services, pharmaceuticals, Private Health Insurance Rebate and other health benefits.

Household

A person living alone or a group of related or unrelated people who usually live in the same private dwelling.

Household Expenditure Classification (HEC)

The expenditure classification used in the Household Expenditure Survey. In the 2015-16 survey it consists of over 600 items at the most detailed level. At the broadest level it consists of 20 broad expenditure groups. All broad groups are presented in this publication. A copy of the classification will be included in the 2015-16 User Guide.

Household reference person

The reference person for each household is chosen by applying, to all household members aged 15 years and over, the selection criteria below, in the order listed, until a single appropriate reference person is identified:

- the person with the highest tenure when ranked as follows: owner without a mortgage, owner with a mortgage, renter, other tenure;
- one of the partners in a registered or de facto marriage, with dependent children;

- one of the partners in a registered or de facto marriage, without dependent children;
- a lone parent with dependent children;
- the person with the highest income; and
- the eldest person.

Housing benefits

Social transfers in kind from the provision of government housing at subsidised rental rates.

Housing costs

Housing costs for the purposes of the publication [Housing Occupancy and Costs, Australia \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0) (cat. no. 4130.0), comprise the following costs for the three different tenure type categories:

- rent payments
- rates payments (general and water)
- mortgage or unsecured loan payments if the initial purpose was primarily to buy, build, add to, or alter the dwelling.

Some additional items relating to housing costs are available to enable alternative estimates of housing costs to be constructed. See the data item list available in the Data downloads section of this publication in late 2017

Housing costs as a proportion of income

The total weekly housing costs of a group (e.g. one parent households) are divided by the total weekly income of the group expressed as a percentage.

Housing utilisation

Provides a measure of the bedroom requirements of a household according to household size and composition. See Canadian National Occupancy Standard for housing appropriateness.

Income

Income consists of all current receipts, whether monetary or in kind, that are received by the household or by individual members of the household, and which are available for, or intended to support, current consumption. Income includes receipts from:

- wages and salaries and other receipts from employment (whether from an employer or own incorporated enterprise), including income provided as part of salary sacrificed and/or salary package arrangements
- profit/loss from own unincorporated business (including partnerships)
- net investment income (interest, rent, dividends, royalties)
- government pensions and allowances
- private transfers (e.g. superannuation, workers' compensation, income from annuities, child support, and financial support received from family members not living in the same household)
- net imputed rent from owner occupied dwellings and subsidised private rentals.

Private income is the sum of income from all sources except social assistance benefits in cash and in kind.

Gross income is the sum of private income and social assistance benefits in cash before income tax, the Medicare levy and the Medicare levy surcharge are deducted. Other measures of income are Disposable income, Equivalised

disposable household income and Equivalised final household income.

Note that child support and other transfers from other households are not deducted from the incomes of the households making the transfers.

Income tax

See Taxes on income.

Income unit

One person or a group of related persons within a household, whose command over income is assumed to be shared. Income sharing is assumed to take place within married (registered or de facto) couples, and between parents and dependent children.

Incorporated business

An incorporated business is a company that has a registered business name with the Australian Securities and Investment Commission (ASIC) and a legal status which is separate to that of the individual owners of the business.

Investment income

Income received as a result of ownership of assets. It comprises returns from financial assets (interest, dividends), and from non-financial assets (rent and royalties).

Landlord type

For renters, the type of entity to whom rent is paid or with whom the tenure contract or arrangement is made. Renters are classified to one of the following categories:

- state/territory housing authority – where the household pays rent to a state or territory housing authority or trust
- person in the same household – where the unit pays rent to a person who resides in the same household
- private landlord – where the household pays rent to a real estate agent or to another person not in the same household
- other – where the household pays rent to the owner/manager of caravan park, an employer (including a government authority), a housing cooperative, a community or church group, or any other body not included elsewhere.



Liability

A liability is an obligation which requires one unit (the debtor) to make a payment or a series of payments to the other unit (the creditor) in certain circumstances specified in a contract between them.

Loan

A form of liability that is created when creditors lend funds directly to debtors. Examples include an overdraft from a bank, money lent by a building society with a mortgage over a property as collateral, and personal loans.

Lone person household

See Non-family household.

Main source of income

That source from which the most positive income is received. If total income is nil or negative the main source is undefined. As there are several possible sources, the main source may account for less than 50% of gross income.

Mean expenditure

The total expenditure by a group of units divided by the number of units in the group. For more detail about household weighted and person weighted means, see the 'Explanatory Notes' section of this publication for more information.

Mean income

The total income received by a group of units divided by the number of units in the group. For more detail about household weighted and person weighted means.

Mean net worth

The total or aggregate net worth of a group of units, divided by the number of units in the group. In this publication, the most common unit is the household

Median income

That level of income which divides the units in a group into two equal parts, one half having incomes above the median and the other half having incomes below the median. For more detail about household weighted and person weighted medians, see the 'Summary indicators of income distribution' section of [Household Income and Wealth, Australia, 2015-16 \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/B3AB9C8CD32F7CA6CA2584340018A13B?opendocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/B3AB9C8CD32F7CA6CA2584340018A13B?opendocument) (cat. no. 6523.0).

Median net worth

That level of net worth which divides the units in a group into two equal parts, one half having net worth above the median and the other half having net worth below the median.

Medicare levy

Medicare is Australia's universal health care system. The Medicare levy is a specific tax, based on individual income intended to assist in the funding of this system.

Medicare levy surcharge

The Medicare levy surcharge is a levy, or an additional tax, on Australian taxpayers who do not have an appropriate level of private hospital insurance and who are earning more than the specified income threshold.

Multiple family household

A household containing two or more families. Unrelated individuals may also be present.

Negative expenditure

Expenditure may be negative if a household's receipts for a good or service (e.g. refunds, trade-ins, sales or successful insurance claims), over a specific period, exceeds the cost of acquisitions. For example, if a household sold a car in the previous 12 months and did not buy a replacement car or they bought a less expensive car, this household would report negative expenditure on cars.

Negative income

Income may be negative when a loss accrues to a household as an owner or partner in unincorporated businesses, rental properties or other investment income. Losses occur when operating expenses and depreciation are greater than gross receipts.

Negative net worth

Net worth may be negative when household liabilities exceed household assets.

Net benefits

Total benefits minus total taxes.

Net imputed rent

Gross imputed rent less housing costs, for privately owned dwellings. Net imputed rent is an estimate of the value of housing services that households receive from home ownership or by households paying subsidised rent or occupying their dwelling rent free. Housing costs for the purpose of calculating net imputed rent for owner-occupiers comprise:

- rates payments (general and water)
- body corporate fees
- the interest component of repayments of loans that were obtained for the purposes of purchasing or building
- rent payments
- house insurance costs
- repair and maintenance costs.

Net imputed rent for subsidised public rentals is included in Social transfers in kind for housing.

Net worth

Net worth is the value of a household's assets less the value of its liabilities. Net worth may be negative when household liabilities exceed household assets.

Non-dependent children

Persons aged 15 years and over who:

- do not have a spouse or offspring of their own in the household;
- have a parent in the household; and
- are not full-time students aged 15–24 years.

Non-family household

A household that consists of unrelated persons only. Non-family households are classified to one of the following categories:

- group household: a household consisting of two or more unrelated persons where all persons are aged 15 years and over. There are no reported couple relationships, parent-child relationships or other blood relationships in these households
- lone person household: a household consisting of a person living alone.

One family household

One family households are classified to one of the following categories:

- couple only – two persons in a registered or de facto marriage, who usually live in the same household
- couple family with dependent children – a household consisting of a couple with at least one dependent child. The household may also include non-dependent children, other relatives and unrelated individuals
- one parent family with dependent children – a household comprising a lone parent with at least one dependent child. The household may also include non-dependent children, other relatives and unrelated individuals
- other one family households – a household comprising:

- one couple with their non-dependent children only
- one couple, with or without non-dependent children, plus other relatives
- one couple, with or without non-dependent children or other relatives, plus unrelated individuals
- a lone parent with his/her non-dependent children, with or without other relatives and unrelated individuals
- two or more related individuals where the relationship is not a couple relationship or a parent-child relationship (e.g. two brothers).

One parent family households with dependent children

See One family households.

Other dwelling

Includes caravans, houseboats, or houses or flats attached to a shop or other commercial premise.

Other education benefits

Social transfers in kind relating to special education (e.g. education for children who have physical disabilities) and other education benefits which could not be assigned to school or tertiary education. Other education benefits is a component of education benefits.

Other government pensions and allowances

Includes all other income support payments from the Australian government that are not included under Age, Disability Support and Veterans' Affairs pensions, Family tax benefit and Parenting payment. Examples include Carer Allowance, Carer Payment, Partner Allowance and the Baby Bonus. These are a component of social assistance benefits in cash.

Other health benefits

Includes social transfers in kind relating to public health services such as health promotion campaigns, occupational health and safety programs, food standards regulation, immunisation programs, breast cancer screening and screening for childhood diseases, as well as expenditure on health research. Other health benefits is a component of health benefits.

Other income

Income other than wages and salaries, own unincorporated business income and government pensions and allowances. This includes income received as a result of ownership of financial assets (interest, dividends), and of non-financial assets (rent, royalties) and other current receipts from sources such as superannuation, child support, workers' compensation and scholarships. Income from rent is net of operating expenses and depreciation and may be negative when these are greater than gross receipts.

Other landlord type

Where the household pays rent to the owner/manager of a caravan park, an employer (including a government authority), a housing cooperative, a community or church group, or any other body not included elsewhere.

Other one family household

See One family household.

Other private income

Private income other than wages and salaries, and profit or loss from own unincorporated business. It includes net investment income (interest, rent, dividends, royalties), overseas pensions, private transfers, and net imputed rent

from owner occupied dwellings and subsidised private rentals.

Other social security and welfare benefits

Includes social transfers in kind relating to the provision of goods and services to specific population groups with special needs. It includes services for the aged, services for people with a disability, etc. The category excludes expenditure on child care assistance and expenditure on monetary transfers to Australian residents (see Social assistance benefits in cash). Other social security and welfare benefits is a component of social security and welfare benefits.

Other tenure type

A household which is not an owner (with or without a mortgage), or a renter. Includes rent free.

Own account worker

A person who operates his or her own unincorporated business or engages independently in a profession or trade and hires no employees.

Own unincorporated business income

The profit/loss that accrues to persons as owners of, or partners in, unincorporated businesses. Profit/loss consists of the value of gross output of the business after the deduction of operating expenses (including depreciation). Losses occur when operating expenses are greater than gross receipts and are treated as negative income.

Owner (of dwelling)

A household in which at least one member owns the dwelling in which the household members usually reside. Owners are divided into two categories – owners without a mortgage and owners with a mortgage. If there is any outstanding mortgage or loan secured against the dwelling the household is an owner with a mortgage. If there is no mortgage or loan secured against the dwelling the household is an owner without a mortgage.

Parenting payment

Includes Parenting Payment for both sole and partnered parents. Parenting payment is a component of social assistance benefits in cash.

Percentile

When all households or persons in the population are ranked from the lowest to the highest on the basis of some characteristic such as their household income, they can then be divided into equal sized groups. Division into 100 groups gives percentiles. The highest value of the characteristic in the tenth percentile is denoted P10. The median or the top of the 50th percentile is denoted P50. P20, P80 and P90 denote the highest values in the 20th, 80th and 90th percentiles. Ratios of values at the top of selected percentiles, such as P90/P10, are often called percentile ratios in analysing distributions. See also Percentile ratios.

Percentile ratios

Percentile ratios summarise the relative distance between two points in a distribution. To illustrate the full spread of the income distribution, the percentile ratio needs to refer to points near the extremes of the distribution, for example, the P90/P10 ratio. The P80/P20 ratio better illustrates the magnitude of the range within which the income of the majority of households falls. The P80/P50 and P20/P50 ratios focus on comparing the ends of the income distribution with the midpoint.

Perturbation

Adjustment of estimates to disguise individual values without affecting the statistical validity of aggregate data.

Pharmaceutical benefits

Includes social transfers in kind relating to pharmaceuticals provided outside of hospitals, aids and appliances used for health purposes and supplied in an ambulatory setting, glasses, hearing aids, wheel chairs, etc. Pharmaceuticals is a component of health benefits.

Preschool

Educational and developmental programs for children in the year (or in some jurisdictions, two years) before they begin full-time primary education.

Private dwelling

Houses, flats, home units, caravans, garages, tents and other structures that are used as places of residence. These are distinct from special dwellings which include hotels, boarding houses and institutions.

Private income

Current receipts from private organisations and other households, including wages and salaries, income from own unincorporated business, superannuation, workers' compensation, income from annuities, interest, dividends, royalties, income from rental properties, scholarships and child support. It also includes net imputed rent from owner occupied dwellings and subsidised private rentals.

Private landlord

See Landlord type.

Private renter

A household paying rent to a landlord who is a real estate agent, a parent or other relative not in the same unit or another person not in the same unit.

Private Health Insurance Rebate

Includes social transfers in kind relating to a rebate on private health insurance costs for members of a registered health fund. Private Health Insurance Rebate is a component of health benefits. In 2003-04, the Private Health Insurance Rebate was a component of Community health services.

Quintiles

Groupings that result from ranking all households or people in the population in ascending order according to some characteristic such as their household income and then dividing the population into five equal groups, each comprising 20% of the estimated population.

Reference person

See Household reference person

Relative standard error (RSE)

The standard error expressed as a percentage of the estimate for which it was calculated. It is a measure which is independent of both the size of the sample, and the unit of measurement and as a result, can be used to compare the reliability of different estimates. The smaller an estimate's RSE, the more likely it is that the estimate is a good proxy for that which would have been obtained if the whole population had been surveyed.

Renter

A householder which pays rent to reside in the dwelling. See 'Landlord Type' for further classification.

Rest of state

Under the Australian Statistical Geography Standard (ASGS), Rest of State is any area not defined as being part of the Greater Capital City Statistical Areas (GCCSAs). In the case of Australian Capital Territory and Northern Territory however, there is no Rest of State balance.

School education benefits

Social transfers in kind relating to administration, inspection, support and operation of educational programs for preschool, primary and secondary school students. Government expenditure on the administration, inspection, support and operation of transportation services to students were included. Government expenditure on school medical and dental programs (which are included in other health benefits) and monetary transfers to households were excluded. School education is a component of education benefits.

Selected dwelling

The private dwelling selected in the sample for the survey.

Social assistance benefits in cash

Cash payments to persons from general government without any requirement to provide goods and services in return. Included are pensions and allowances received by aged, disabled, unemployed and sick persons, families and children, veterans or their survivors, and study allowances for students. Family Tax Benefit, Baby Bonus and Child Disability Assistance Payment paid to recipients of Carer Allowance are also included in social assistance benefits in cash. Household social assistance benefits in cash are the sum of all household members' cash payments. The only difference between 'government pensions and allowances' and 'social assistance benefits in cash' is that overseas pensions are included in government pensions and allowances and private income and excluded from social assistance benefits in cash.

Social security and welfare benefits

Includes social transfers in kind relating to the provision of goods and services to specific population groups with special needs. It includes expenditure on child care assistance (including the Child Care Benefit and Child Care Rebate), services for the aged, services for people with a disability etc. The category excludes expenditure on monetary transfers to Australian residents (see Social assistance benefits in cash).

Social transfers in kind (STIK)

Non-cash benefits and services provided by the government to households for education, health, housing, social security and welfare, and electricity concessions and rebates. It includes reimbursements of approved expenditures such as the Medicare rebate, the Private Health Insurance Rebate, the Child Care Benefit and the Child Care Rebate. The cost of administering the provision of social assistance benefits in cash is included.

Standard error

A measure of the likely difference between estimates obtained in a sample survey and estimates which would have been obtained if the whole population had been surveyed. The magnitude of the standard error associated with any survey is a function of sample design, sample size and population variability. For further information see Appendix 3.

State/territory housing authority

See Landlord type.

Taxes on income

Taxes on income is the sum of personal income tax plus the Medicare levy and Medicare levy surcharge for all members of the household. Taxes on income were imputed according to the 2015-16 tax rules which were applied to the gross income of family members according to their characteristics as reported in the 2015-16 Survey of Income

and Housing.

Taxes on production

Taxes on production and imports consist of taxes payable on goods and services when they are produced, delivered, sold, transferred or otherwise disposed of by their producers plus taxes and duties on imports that become payable when goods enter the economic territory by crossing the frontier or when services are delivered to resident units by non-resident units; they also include other taxes on production, which consist mainly of taxes on the ownership or use of land, buildings or other assets used in production or on the labour employed, or compensation of employees paid. For further information see Appendix 5.

Taxes on production on alcoholic beverages

Taxes on production on alcohol are excises on beer and drinkable spirits, GST, wine equalisation tax and all other taxes that are passed on from the process of production, delivery, transfer or sale of the alcohol.

Taxes on production on clothing and footwear

Taxes on production on clothing and footwear are the GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of the clothing and footwear products.

Taxes on production on communication

Taxes on production on communication are the GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of the communication products.

Taxes on production on education

Taxes on production on education are the GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of the education products.

Taxes on production on food and non-alcoholic beverages

Taxes on production on food and non-alcoholic beverages are the GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of these items. Food and non-alcoholic beverages exclude meals out and fast food items.

Taxes on production on meals out and fast food

Taxes on production on meals out and fast food are the GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of the meals out and fast food products.

Taxes on production on motor vehicle fuels

Taxes on production on motor vehicle fuel are excises on crude oil and petroleum products, petroleum product franchise taxes, excises on diesel fuel, LPG and other gas fuels, excises on petrol used during holidays in Australia, GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of the product.

Taxes on production on motor vehicle purchase

Taxes on production on motor vehicle purchase are the GST, stamp duties and all other taxes that are passed on from the process of production, delivery, transfer or sale of motor vehicles.

Taxes on production on other goods and services

All taxes on production on goods and services allocated to households, other than those separately identified in respect of alcoholic beverages, clothing and footwear, communication, education, food and non-alcoholic beverages, meals out and fast food, motor vehicle purchase, motor vehicle fuels, ownership of dwellings, and tobacco products.

Taxes on production on ownership of dwellings

Taxes on production on the ownership of dwellings are taxes on the final consumption expenditure of residential accommodation dwellings that households own or rent. They include government rates and land taxes, the GST on new investment properties built or substantially renovated since the GST was introduced in July 2000, and other taxes on consumption expenditure that are passed on from the process of production, delivery, transfer or sale of dwellings. It is assumed that taxes on production are borne directly by owner occupiers, or passed on by landlords to tenants in higher costs.

Taxes on production on tobacco products

Taxes on production on tobacco are excises on tobacco products, GST and all other taxes that are passed on from the process of production, delivery, transfer or sale of tobacco.

Tenure type

The nature of a household's legal right to occupy the dwelling in which the household members usually reside. Tenure is determined according to whether the household owns the dwelling outright, owns the dwelling but has a mortgage or loan secured against it, is paying rent to live in the dwelling or has some other arrangement to occupy the dwelling.

Tertiary education benefits

Social transfers in kind relating to the administration, inspection, operation and support of education programs at higher education institutions and colleges of technical and further education. Tertiary education is a component of education benefits.

Total benefits

The total of social assistance benefits in cash and social transfers in kind allocated.

Total taxes

The total of taxes on income and taxes on production allocated.

Unemployed

Persons aged 15 years and over who were not employed during the week before the interview and had actively looked for full-time or part-time work at any time in the four weeks before the interview and:

- were available for work in the week before the interview
- were waiting to start a new job within four weeks from the interview and would have started in the week before the interview if the job had been available then.

Unemployment and study payments

Households that receive income from Austudy/ABSTUDY, Newstart allowance or Youth allowance.

Unincorporated business

A business in which the owner(s) and the business are the same legal entity, so that, for example, the owner(s) are personally liable for any business debts that are incurred. The business may be registered (in their own state) as a sole trader, partnership or firm; however they are not registered with the Australian Securities and Investments Commission and are not legally a company

Veterans' Affairs pensions

Pensions paid by the Department of Veterans' Affairs. Includes service, disability and war widow pension as well as

additional allowances such as rent assistance. Veterans' Affairs pensions are a component of social assistance benefits in cash.

Wages and salaries

See Employee income

Wealth

See Net worth.

Quality declaration - summary

Institutional environment

For information on the institutional environment of the Australian Bureau of Statistics (ABS), including the legislative obligations of the ABS, financing and governance arrangements, and mechanisms for scrutiny of ABS operations, please see [ABS Institutional Environment \(https://www.abs.gov.au/websitedbs/d3310114.nsf/4a256353001af3ed4b2562bb00121564/10ca14cb967e5b83ca2573ae00197b65!OpenDocument\)](https://www.abs.gov.au/websitedbs/d3310114.nsf/4a256353001af3ed4b2562bb00121564/10ca14cb967e5b83ca2573ae00197b65!OpenDocument).

Relevance

This publication presents results of a study of the effects of taxation and government expenditure on the distribution of income among private households in Australia in 2015-16. This study uses data from the Household Expenditure Survey (HES), ABS Government Finance Statistics (GFS) and Input-Output tables from the Australian System of National Accounts.

Results collected from the HES were initially released on the 13th September 2017 in [Household Expenditure Survey Australia: Summary of Results, 2015-16 \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6530.0Main+Features12015-16?OpenDocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6530.0Main+Features12015-16?OpenDocument) (cat. no. 6530.0).



Timeliness

The Fiscal Incidence Study (FIS) is conducted every six years, following the release of the HES. Subsequent outputs, including Confidentialised Unit Record Files (CURF) and detailed microdata will be released following this publication.

Accuracy

Information relating to the collection and compilation of the HES (e.g. sample design, methodology, etc) can be found in [Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia \(https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1\)](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1) (cat. no. 6503.0).

Detailed information on the compilation and allocation of social transfers in kind can also be found in the User Guide.

The estimation of the incidence of taxes on production to households is based on extensive use of these Input-Output tables. [Australian National Accounts: Input-Output Tables \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001?OpenDocument\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001?OpenDocument) (cat.no.5209.0.55.001) includes the supply-use tables with detailed explanatory notes on the data sources, content and methods of construction used. Consistent methodology has been used in this study since 2003-04 to assist the comparability of estimates.

Further information on the methodology used to produce taxes on production can be found in the 'Methodology of

taxes on production' chapter.

Coherence

Each cycle of the HES collects comparable information to allow for analysis of changes over time. Various statistics can be utilised to make comparisons between 2015-16 HES data and data from previous HES cycles. These include proportions (e.g. proportional share of expenditure), means and medians.

The ABS seeks to maximise consistency and comparability over time by minimising changes to the survey. Sound survey practice, however, requires ongoing development and maintenance to maintain the integrity of the data and the efficiency of the collection. For instance, when new products or services become available, these are added to the Household Expenditure Classification. Current income, wealth and expenditure standards are available on the ABS website and more information is available in the Explanatory Notes of this publication and the User Guide publication.

The HES provides baseline expenditure information which provides a comparison point for other ABS and external surveys. A comparison between the HES and the Australian System of National Accounts (ASNA) is provided in the Data downloads section on the User Guide (due for release following this publication).

Interpretability

Detailed information on the terminology, classifications and other technical aspects associated with this study can be found in the Explanatory Notes and Glossary included with this publication. Additional information can be found in [Household Expenditure Survey and Survey of Income and Housing, User Guide, Australia \(https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1\)](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/6503.0~2015-16~Main%20Features~Introduction~1) (cat. no. 6503.0).



Accessibility

Tabulated data and associated relative standard errors are freely available in Excel spreadsheets which can be accessed from the Data downloads section.

A CURF product will be produced from this study, subject to the approval of the Australian Statistician. For further details, refer to the [Microdata Entry Page \(https://www.abs.gov.au/websitedbs/d3310114.nsf/home/microdata+entry+page\)](https://www.abs.gov.au/websitedbs/d3310114.nsf/home/microdata+entry+page) on the ABS website. It is expected that the CURF products will be available following the release of this publication.

Customised data are also available on request. Note that detailed data can be subject to high relative standard errors which in some cases may result in data being regarded as unfit for release. A data item list is available from the 'Downloads' tab of the [User Guide for 2015-16 \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/6503.0\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6503.0) (cat. no. 6503.0).

For further information about these or related statistics, contact the National Information and Referral Service on 1300 135 070, or email client.services@abs.gov.au. The [ABS Privacy Policy \(https://www.abs.gov.au/websitedbs/D3310114.nsf/Home/Privacy?opendocument\)](https://www.abs.gov.au/websitedbs/D3310114.nsf/Home/Privacy?opendocument) outlines how the ABS will handle any personal information that you provide to us.